
Outcome of Discussion

Manage changes and enhance policy preparedness for skills development and sustainable employment in respond to the needs of social and economic development.

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Context and Challenges

- The world of work in Lao PDR prior to COVID-19 was already concerning. The 2017 Labour Force Survey showed a labour force participation rate of only 41 per cent. Less than 1.8 million of a total working-age population of over 4.7 million were in employment. Own-use production workers were 2.455.328 people, covered 59%.
- For many households, migration is a major source of livelihood, with an estimated US\$285 million in remittances received in 2019.
- The profound economic and social disruption caused by COVID-19 threatens the long-term livelihoods and wellbeing of Laotians both inside and outside of the country.
- Poverty and unemployment have increased substantially in the wake of the pandemic.

Context and Challenges

- The fiscal situation limits the Government's policy options for cushioning the impacts to employment, unemployment, and stimulating economic recovery.
- The lockdown in Thailand led to massive return of more than 130,000 migrants, causing increases in unemployment, loss of income, and increased risk of exploitation, trafficking, and irregular migration of the most vulnerable.
- Lao PDR is not prepared to reintegrate such large numbers, and does not have policies and systems in place to ensure effective migration governance and smooth reintegration plans, including for skills development and recognition.

Policy Recommendations

- Economic and labour market structure and system need to be more resilient to crises and diverse risks.
- It would involve strengthening domestic supply capacities and consumption markets.
- Strengthening migration governance, considering that migration will have an impact on the recovery process once borders are again open.
- Links need to be forged with labour, employment, skills (re)training and migration policies to maximize positive effects of domestic and foreign direct investment for:
 - local SMEs,
 - skills development, employment and resource transfer;
 - labour standards and compliance with labour law for decent work and safety and healthy workplaces.
 - migration and human mobility governance;
 - social protection

Pillar 1: Managing changes for quality skilled workforce development and job creation in the context of slower economic growth.

- The MSME sector in Lao PDR constitutes the backbone for job creation, and contributes to gender equality and youth empowerment through business participation. The government needs to become better prepared to support the survival (and revival) of viable MSMEs and to make them more robust. When boosting the role of Lao MSMEs, the NSEDP needs to strive toward full and productive employment and decent work for all.
- Strengthening domestic opportunities for decent work, promoting digitalization and simplifying regulatory requirements.
- Particular attention should also be given to the implementation of the National Rural Employment Strategy as a crisis responsive measure and as a major approach to increase proportion of the rural labour force in formal employment, contributing to expansion of production groups, services and cooperatives, including rural development and poverty reduction.

Pillar 2: Promoting labour standards and compliance with labour law for decent work

- Recovering towards a better labour market will require the NSEDP to prioritize implementation and enforcement of labour standards and national labour law.
- Too many Lao workers are trapped in poor quality jobs leaving the majority of Lao workers to earn too little to escape from poverty. Securing decent employment is particularly difficult for young people and women. Labour standards can guide the management of negative labour market effects.
- Importantly, labour standards have been increasingly included in the regional and international trade agreements.
- Tripartite cooperation and dialogue will help to improve the design and implementation of the labour market policies to complement economic and trade policies. This involves consistently cooperating with the private sector and workers organizations on potential impacts on business and workers.

Pillar 3: Protecting migrant workers and leveraging the benefits of migration.

- Changes in human mobility due to COVID-19 have highlighted serious migration management challenges.
- In the longer term, if not properly addressed, stigmatization and discrimination may negatively impact on migrants' integration, and may especially impact women migrant workers.
- Investments and business are and will continue to recruit workers nationally and internationally. It is thus important that Lao PDR prepares itself to facilitate safe and orderly and responsible migration flows once borders open to ensure rights of migrants are protected.
- ASEAN has envisaged measures to facilitate the mobility of high-skilled workers. However, most Lao migrant workers are low-skilled, and many are undocumented. If Lao PDR is to reap the benefits of human mobility, the country needs to strengthen its employment services and enhancing bilateral and multilateral cooperation.

Pillar 4: Developing a shock-responsive national social protection system

- Despite recent improvements, the social protection system leaves a large part of the population unprotected.
- The loss of livelihoods due to COVID-19 has pushed many households into poverty with long-term consequences for productivity and human capacity development.
- Shock-responsive social protection systems are an important part of any crisis response strategy and can build household resilience to shocks – including to natural disasters, pandemics, economic crises
- It is important to build and strengthen the national social protection system and gradually expand coverage by prioritizing the implementation of the recently adopted National Social Protection Strategy 2025. The NSPS seeks to strengthen and complement previous Government's regional and international commitments as well as the Sustainable Development Goals.

Recommendations

- Stronger linkage between labour force development and economic development in the 9th NSEDP and in line with SDG 8.
- Strengthen involvement of private sectors in skills development, sustainable employment creation, higher income generation and sectoral and SMEs development and investment stimulation.
- Establish coordination and partnership mechanism with other relevant sectors.
- Establish a sector working group on labour and social protection to mobilize relevant sectors and development partners support through the Round Table Process.



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